



STATE OF IOWA

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DEPARTMENT OF HUMAN SERVICES
CHARLES J. KROGMEIER, DIRECTOR

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DHS Program Changes to Save Millions

DES MOINES, Iowa--Department of Human Services Director Charles Krogmeier said Tuesday that recently adopted program changes, such as expanding electronic payments and requiring prior authorization for expensive radiation tests paid by Medicaid, will save about \$11 million in state dollars this year and next.

"We know that we need to make cuts to address shortages in state revenue and to meet our statutory obligations to the citizens of Iowa. Our goal with these changes is to cut spending in ways that will not reduce service to our customers," he said.

The largest program saving comes as the result of a lawsuit that enables Medicaid to pay less to pharmacy providers.

Under settlement of the suit, in which authors of a drug database were accused of artificially inflating the average wholesale price of pharmaceuticals, Medicaid will save \$2.2 million in state funds this fiscal year and \$3.4 million the next.

Other changes include:

- Beginning next March, Medicaid will require prior approval before paying for high-tech radiology services such as magnetic resonance imaging (MRI). While radiology is a highly effective diagnostic tool, other states have experienced savings by requiring prior authorization to weed out unnecessary tests. The change will save over \$1.5 million through the end of fiscal year 2011.
- Beginning in November, payments to recipients of Iowa's Family Investment Program (FIP) will be made via an electronic payment card. In addition to eliminating the problem of lost or stolen checks, the change will save an estimated \$238,000 in postage and administrative costs this year and next.
- Beginning next spring, Medicaid will no longer make payments to physicians and others by check. Most Medicaid providers are already receiving payments and authorizations electronically. Eliminating checks will save about \$182,000 through next fiscal year.
- All Medicaid claims will soon be screened by a new tool that checks for coding errors that can result in over payments. The change will prevent an estimated total of about \$3.5 million in overpayments through fiscal year 2011.

In addition, Krogmeier said numerous changes are being developed for front-line DHS staff to help manage staggering recession-driven caseloads averaging more than 500.

One time-saver beginning next spring will be to conduct more application interviews by phone rather than in-person, and to perform more desk reviews rather than personal interviews for renewals. Face-to-face interviews will still be required if DHS workers believe they're necessary to verify program eligibility or if the client requests one.

Krogmeier said DHS is also working to create an automated system that will speed the process of obtaining information on client income, resources, and other eligibility documents. In the current system, workers must hunt through various paper records and different screens in order to compile the information. Also planned is creation of an electronic case file that will save storage space and enable more flexibility in work assignments.

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